



April 4, 2005

The Honorable J. Dennis Hastert
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

On behalf of the Telecommunications Industry Association, I am writing to urge Congress to pass the U.S.-Central America-Dominican Republic Free Trade Agreement (DR-CAFTA) with Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua. The Telecommunications Industry Association (TIA) is representative of the leading telecommunications and information technology companies committed to trade liberalization.

International trade is vitally important to our industry. According to *TIA's 2005 Telecommunications Market Review and Forecast*, the Latin American equipment market is estimated to be US\$13 billion in 2005 (p. 223). Services in support of telecommunications equipment revenue in Latin America is estimated at \$66.3 billion in 2005 (*TIA*, p. 183). Passage of DR-CAFTA will help ensure access to Latin American markets.

The telecommunications chapter will make U.S. telecommunications equipment and services exports more competitive in the region. Our industry also benefits greatly from the WTO Information Technology Agreement (ITA), which eliminates tariffs on specified technology products. As part of this agreement, the Dominican Republic, Guatemala, Honduras and Nicaragua will join the ITA and eliminate tariffs on tech products entering their markets.

Services liberalization is another benefit of this agreement. All six nations agreed to use a "negative list" approach, whereby all sectors are deemed open to liberalization unless specific exceptions apply. Non-discrimination and national treatment for digital products such as software, and strong intellectual property protections are other key elements of this agreement. This agreement is also significant because Costa Rica was not allowed a carve-out in the telecommunications chapter, meaning they will be bound to the provisions in the FTA to ensure fair and predictable practices in the telecommunications sector.

This agreement will establish valuable precedents for trade accords currently in negotiation, such as a free trade agreement with the Andean nations and the Free Trade Area of the Americas (FTAA). It will make the U.S. trading relationship with Central America more reciprocal, since most products from the region already enter the United States market duty-free.

In addition to the benefits outlined above, Congressional passage of the DR-CAFTA will send a strong message to the other countries in Latin America that we believe in building strong economic alliances with our trading partners in the Western Hemisphere. Moreover, it sends to the world the message that the United States remains committed to trade and investment liberalization in the many on-going trade negotiations.

We look forward to working with you to pass this important agreement.

Sincerely,

/S/

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President

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